

# **EX-IM BANK EXPORT CREDIT INSURANCE SHORT TERM, MULTI BUYER, UMBRELLA POLICY INTRODUCTION**

## **WHO IS ELIGIBLE**

Upon application for coverage, companies will be considered eligible if they:

- have average annual export credit sales of less than \$3 million over the past two years;
- have had no prior Ex-Im Bank multibuyer insurance coverage during the past two years;
- meet the U.S. Small Business Administration definition of a small business; and
- have a positive net worth with at least one year successful operating history.

Also, Ex-Im Bank has published its Short Term Credit Standards (EIB-99-09) for Exporters which may be consulted to determine the likelihood of approval.

Exporters may remain in the policy as long as:

- annual export credit sales remain below \$3 million; and
- they continue to meet the U.S. Small Business Administration definition of a small business.

## **THE BENEFITS**

### **Risk Protection**

- Protects your foreign receivables from covered commercial and political risks.

### **A Marketing Tool**

- Enables extension of more attractive credit terms to assist you in competing for foreign sales.
- Reduces the need for costly confirmation of letters of credit.
- Enables expansion into new markets.

### **A Financing Aid**

- More favorable financing may be arranged by assigning policy proceeds to a lender as collateral under an assignment of policy proceeds. Insureds under an Umbrella Policy also have an “Enhanced Assignment” available which, if the assignee bank complies with its responsibilities, protects the assignee bank from many defenses to nonpayment of a claim which ordinarily would be asserted. Such an assignment is not available to exporters benefitting from an Ex-Im Bank or US Small Business Administration Working Capital Loan Guarantee. Refer to Ex-Im Bank’s Short Term Credit Standards (EIB-99-09)-Exporters for an Enhanced Assignment to determine the likelihood of eligibility for such an assignment. The standard assignment is form EIB92-31. The enhanced assignment is form EIB92-75.

## HOW IT WORKS

- The Administrator of the Umbrella Policy agrees to act as a representative of the insured exporter, to apply for the Approval of the Exporter, form EIB92-73, pay premiums, to submit claims to Ex-Im Bank, and to send Ex-Im Bank notices to the exporter.
- The insured exporter agrees to provide the Administrator with the information necessary to maintain coverage.

## THE COVERAGE

### Political Risks Covered

- A foreign government's inability to convert local currency into U.S. dollars ("transfer risk").
- Specified changes in import or export regulations occurring after shipment.
- War, civil strife, revolution, or expropriation by a government authority.

### Commercial Credit Risks Covered

- Nonpayment for reasons other than political risk, including default, insolvency and bankruptcy, but excluding product disputes between the exporter and the buyer.

### Value Covered

- 100% of gross invoice value for losses due to political risks, 95% for commercial risks.

## THE COST

- A fixed rate schedule applies, with premium rates based on repayment terms and type of buyer.
- Pay-as-you-go monthly reporting, form EIB92-29, means premiums are paid only as shipments are made.

## EXTENDING CREDIT

- A specific credit line, the Special Buyer Credit Limit or SBCL, is established by Ex-Im Bank for each buyer. Requests for credit approvals are processed usually within two weeks after a completed application, form EIB92-51, is received. Ex-Im Bank has published its Short Term Credit Standards (EIB-99-09) for Buyers which may be consulted to determine the likelihood of approval.

## CLAIMS

- Claims can be filed between 90 and 240 days after the date of default.
- Properly documented claims, form EIB92-77, are paid within 60 days of receipt.

## ELIGIBLE PRODUCTS

- Ex-Im Bank covers non-military goods or services with at least 51% U.S. content (labor and material), excluding mark-up.

## **OTHER IMPORTANT FEATURES**

- Exporters are expected to insure all overseas sales made on credit terms during the policy period.
- Confirmed letters of credit and cash-in-advance sales are excluded.
- Maximum credit terms are generally 180 days. For capital equipment, consumer durables, bulk agricultural commodities and fertilizer, 360 days may be approved.

## **WHO WE ARE**

Ex-Im Bank is the Export-Import Bank of the United States, an independent agency backed by the full faith and credit of the U.S. Government. A list of current Umbrella Policy Administrators, EIB99-18, is available from Ex-Im Bank.

## **MORE INFORMATION**

### **Headquarters**

U.S. Toll Free Number	(800) 565-EXIM
Worldwide Number	(202) 565-3946
Insurance	(202) 565-3630 Fax (202) 565-3675
Internet	<a href="http://www.exim.gov">http://www.exim.gov</a>

### **Regional Offices**

Northeast - New York	(212) 466-2950 Fax (212) 466-2959
Mid-Atlantic - Washington, DC	(202) 565-3940 Fax (202) 565-3932
Southeast - Miami	(305) 526-7425 Fax (305) 526-7435
Midwest - Chicago	(312) 353-8081 Fax (312) 353-8098
Southwest - Houston	(281) 721-0465 Fax (281) 679-0156
West - Long Beach	(562) 980-4580 Fax (562) 980-4590
<i>Satellite</i> - San Jose, CA	(408) 271-7300 ext. 104 Fax (408) 271-7307
<i>Satellite</i> - Orange County, CA	(949) 660-1688 ext. 150 Fax (949) 660-8039

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